

**HOUSE BILL NO. 402**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE KAWASAKI**

**Introduced: 2/23/10**

**Referred: Health and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act revising the catastrophic illness assistance program; and providing for an**  
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1.** AS 47.08.010(a) is amended to read:

5 (a) Under [SUBJECT TO (b) OF THIS SECTION, UNDER] AS 47.08.010 -  
6 47.08.140, the Department of Health and Social Services may reimburse providers of  
7 medical care for unpaid costs incurred in the treatment of a person suffering an illness  
8 or accident that results in financial catastrophe to the person or the person's family.

9 **\* Sec. 2.** AS 47.08.050 is amended to read:

10 **Sec. 47.08.050. Services excluded [FROM COVERAGE]. Unpaid costs for**  
11 [ANNUALLY, THE COMMITTEE SHALL DETERMINE IN LIGHT OF  
12 APPROPRIATED FUNDS AND EXPECTED NEED THE MEDICAL EXPENSES  
13 REIMBURSABLE UNDER AS 47.08.010 - 47.08.140, EXCEPT THAT] the  
14 following are not reimbursable:

- 1 (1) dentistry and optometry unless prescribed by a licensed dentist or  
 2 physician as medically necessary as the result of the injury or illness;  
 3 (2) elective medical or surgical procedures;  
 4 (3) drugs and medications not prescribed by a licensed physician;  
 5 (4) services received as a result of a pregnancy or birth without  
 6 unusual complications;  
 7 (5) private psychological or psychiatric treatment or private alcoholism  
 8 treatment, unless not available from public agencies or programs;  
 9 (6) chiropractic services and services provided by a person who  
 10 practices naturopathy;  
 11 (7) **nonmedical care** [SERVICES NOT OF A MEDICAL NATURE];  
 12 (8) medical services currently provided to persons in the custody of the  
 13 Department of Corrections [;  
 14 (9) COSTS INCURRED BEFORE JULY 1976].

15 \* **Sec. 3.** AS 47.08.060(a) is amended to read:

16 (a) **The** [AS FREQUENTLY AS NECESSARY THE] committee shall adopt  
 17 [, IN LIGHT OF APPROPRIATED FUNDS AND EXPECTED NEED,] a formula to  
 18 **determine an** [BE USED IN DETERMINING THE] applicant's share of total medical  
 19 expenses incurred as a result of a catastrophic illness, based on the applicant's annual  
 20 gross income, number of dependents, amount of assets, and forthcoming third-party  
 21 payments [, ALL CONSIDERED IN LIGHT OF THE REQUIREMENT THAT THE  
 22 APPLICANT'S SHARE WILL BE PAID TO THE PROVIDER ON A PAYMENT  
 23 SCHEDULE COVERING A PERIOD OF AT LEAST THREE YEARS].

24 \* **Sec. 4.** AS 47.08.060(d) is amended to read:

25 (d) Assets received by **an** [THE] applicant as a custodian, guardian,  
 26 conservator, or trustee for another are not considered assets of the **applicant**  
 27 [CUSTODIAN, GUARDIAN, CONSERVATOR, OR TRUSTEE].

28 \* **Sec. 5.** AS 47.08.060(e) is amended to read:

29 (e) **An** [THE] applicant's share shall be reduced in the amount of any  
 30 premiums paid for health insurance or a prepaid medical plan up to **\$1,000** [\$500] if  
 31 incurred in the 12-month period beginning with the occurrence of the injury or the

1 onset of the illness.

2 \* **Sec. 6.** AS 47.08.070 is amended to read:

3 **Sec. 47.08.070. Reimbursement [STANDARDS FOR**  
 4 **REIMBURSEMENT] to providers. (a)** The amount that the committee **may**  
 5 **reimburse** [REIMBURSES] providers for **the cost of** medical services rendered to a  
 6 person who has suffered catastrophic illness

7 **(1)** may not **exceed** [BE GREATER THAN 100 PERCENT OF] the  
 8 total unpaid **medical** bills related to the catastrophic illness, **not including interest or**  
 9 **penalties, reduced by the amount of the applicant's share under AS 47.08.060;**  
 10 **and**

11 **(2) may only include costs incurred for one year after the first**  
 12 **charge incurred because of the catastrophic illness or injury.**

13 **(b) The** [AND SHALL BE DETERMINED BY THE FOLLOWING  
 14 STANDARDS:

15 (1) ONLY UNPAID MEDICAL EXPENSES FOR PERIODS NOT  
 16 TO EXCEED 12 MONTHS, AND RELATED TO CATASTROPHIC ILLNESS,  
 17 MAY BE CONSIDERED; THE INITIAL 12-MONTH PERIOD BEGINS WITH  
 18 THE DATE OF THE FIRST CHARGES INCURRED BECAUSE OF THE  
 19 ILLNESS;

20 (2) THE] committee may not reimburse a provider

21 **(1)** if **an** [THE] applicant's total medical expenses related to the  
 22 catastrophic illness are less than \$1,000 [IN ANY PERIOD NOT EXCEEDING 12  
 23 MONTHS DESCRIBED IN (1) OF THIS SECTION] after all sources of third-party  
 24 payment have been exhausted by the applicant or by someone acting on behalf of the  
 25 applicant;

26 **(2)** [(3) THE COMMITTEE MAY NOT REIMBURSE A  
 27 PROVIDER] for the applicant's share of the total medical expenses **unless the**  
 28 **provider agrees to accept payment of the applicant's share from the applicant**  
 29 **according to a payment schedule approved by the committee** [; MOREOVER, A  
 30 REIMBURSEMENT TO THE PROVIDER SHALL BE CONDITIONED ON THE  
 31 PROVIDER'S AGREEMENT THAT THE PROVIDER ENTER INTO A PAYMENT

1 SCHEDULE WITH THE APPLICANT WHICH WILL RESULT IN FULL  
2 LIQUIDATION OF THE APPLICANT'S SHARE; PAYMENT SCHEDULES MAY  
3 NOT BE FOR A TERM OF LESS THAN THREE YEARS].

4 \* **Sec. 7.** AS 47.08.080 is amended to read:

5 **Sec. 47.08.080. Reconsideration of decision by committee.** The committee  
6 shall promptly notify the [AN] applicant, in writing, of its decision. The notice must  
7 include [WITH WRITTEN] reasons for the amount of the award or denial. An  
8 applicant who is dissatisfied with a decision of the committee may apply to the  
9 committee for reconsideration within 30 days of receipt of the decision. The request  
10 for reconsideration must include a written statement of grounds for reconsideration  
11 and any supporting documentation which was not available to the committee for its  
12 original decision. Within 30 days after receipt of a request for reconsideration, the  
13 committee shall affirm, amend, or reverse its original decision. The committee shall  
14 promptly notify the applicant, in writing, of its decision upon reconsideration  
15 including [WITH WRITTEN] reasons for its action. Information describing hearing  
16 rights and procedures must be furnished with the notice [WRITTEN NOTIFICATION  
17 OF DENIAL].

18 \* **Sec. 8.** AS 47.08.010(b) and 47.08.060(c)(8) are repealed.

19 \* **Sec. 9.** This Act takes effect July 1, 2010.